



Business Plan Old Post Office

Presented to Fayetteville Advertising and
Promotion Commission

January 9, 2012

Marilyn Heifner, Executive Director



THE OLD POST OFFICE

#1 Center Square

Fayetteville, Arkansas

FAYETTEVILLE ADVERTISING AND PROMOTION COMMISSION

MISSION STATEMENT

To lead and support the tourism industry, to provide the highest quality and most innovative marketing programs and promotions to ensure the continued growth of tourism and travel to Fayetteville.

VISITORS BUREAU MISSION STATEMENT

To maximize the contribution of tourism to Fayetteville's economic growth, strengthening the community's hospitality, tourism, and convention industry by attracting individual visitors, conventions, meetings, group tours, and through special events introducing visitors to the "Fayetteville experience."

VISION

To be the tourism leader of Northwest Arkansas and the authority on tourism information. To seek opportunities for innovative programs which would contribute to tourism economic growth and to be the "go to" source to strengthening tourism in Northwest Arkansas.

BUSINESS DESCRIPTION AND VISION

STATEMENT OF BUSINESS PURPOSE FOR OLD POST OFFICE

The purpose of leasing and purchasing the Old Post Office property would be:

- 1) To provide meeting space and a rental venue
- 2) To provide a space for artists' studios and galleries
- 3) To pursue the idea of a Fayetteville museum which would showcase the rich history of our town
- 4) To explore future avenues of economic growth for the building such as a Fayetteville Museum or Artist Collective.

OBJECTIVES

- 1) In order to accommodate group business which has been displaced with the closing of the Cosmopolitan, the main level of the Old Post Office would be used for groups which cannot be accommodated at the Town Center. The Chancellor (renovated Cosmopolitan) is scheduled to reopen in September 2012. The Old Post Office could also be rented out for weddings, social events, and business meetings.

- 2) A synergy created by The Underground, First Thursdays, the Fayetteville Creative Economy Action group has established Fayetteville as an “artist community.” Today, artist communities are becoming increasingly popular as vacation destinations, weekend getaways, and relocation cities for retiring Baby Boomers.
- 3) The Fayetteville Underground is a 501 c 3 non-profit community arts organization. It has been organized for two years. The Underground operated three galleries, 16 working artists’ studios, and a monthly First Thursday promote art and artists and interacting with guest gallery artists and resident artists. With their lease ending December 15, 2011, the Underground has moved out of the space they formerly occupied in the lower level of the East Square Plaza.
- 4) In the Old Post Office, the working artists’ studios and galleries would provide a complimentary facility and tourist attraction to Crystal Bridges.
- 5) Fayetteville A & P Commission has supported the arts in the past. Commission has provided support for the Walton Arts Center through support of productions which were part of the Broadway theatre series, Artosphere, and most recently with a \$500,000 commitment for the Arkansas Music Pavilion “the AMP”.
- 6) In October of 2011, 2012 special funding was allocated for TheatreSquared, the Mural project, NWA Community Creative Center, Last Night, Arts Live Theatre, and RockIt Music Week. Additionally, in calendar year 2011, the following also received special funding: Mardi Gras Indian Funk Band, the AMP, Fayetteville Underground, Songs in the ‘Ville, Fayetteville documentary film, and International Fulbright Concerto Competition.
- 7) The A & P has printed a Gallery Guide for the last two years. The CVB runs First Thursday from April through November. The Town Center recently produced ARTini, a two day art show and a martini competition between local bartenders.

BRIEF HISTORY

The Old Post Office is a familiar landmark in the center of the Fayetteville Square and served as Fayetteville’s U. S. Post Office from 1911 until 1963. The original cost of construction was \$60,000. In formal ceremonies held in much fanfare in 1911, Fayetteville’s mayor dedicated the new structure “to public service forever,” a fitting dedication considering the continued use of the site.

The fate of the old post office was in doubt, however, when in 1974, it was slated for demolition by the Urban Renewal Plan for the downtown area. A group of determined citizens refused to accept such an end for the stately Neoclassical Revival structure, and a petition drive was undertaken to preserve the building as a historic landmark. Eventually the HUD ruling was reversed and the old post office was saved.

In August of 1974, the old post office was placed on the National Historic Register. In 1976, the building was purchased by Donald and Edna Bumpass in 1977 and an enormous task of preservation and renovation was undertaken to turn the old post office into an upscale restaurant and club.

Original features preserved include the old post office's native marble frieze panels, classical dentals, and door handles of solid brass. The electrical system, with copper fuses and fuse boxes enclosed within beveled glass, had been designed by Thomas Edison.

In the past 15, the Old Post Office has housed various business including Hog City Diner, Stogie's Fine Cigars and Tobacco, Sodie's Fountain and Grill, Jammin' Java, and Urban Table. The property is currently vacant except for Ron Bumpass's use of the upper level's western portion for his legal practice.

DEFINITION OF THE MARKET

BUSINESS INDUSTRY AND OUTLOOK

Crystal Bridges Museum of American Art has predicted that 250,000-400,000 people will visit the Museum in the first year. With an attendance of 92,000 from November 11-December 31, no doubt they will achieve this number and set a record.

Travel & Leisure Magazine's ranking of Bentonville and Crystal Bridges as one of the Hottest Travel Destinations of 2012 will spill over into Fayetteville. Bentonville was also noted on the Today Show with the ranking from Travel & Leisure Magazine. Crystal Bridges' hefty marketing budget will help us as a region.

Trip Advisor indicates that nationally hotel occupancy will increase by 2.2% in 2012 and ADR (average daily rate) will increase as will overall air travel activity.

TARGET MARKETING

A priority in 2012 will be to get Fayetteville recognized regionally as an artist community.

An alliance has been developed between the Fayetteville A & P Commission and the Creative Arts Economy group through the publishing of the Gallery Guide. We currently are working to expand the Gallery Guide to include Fayetteville public art.

Opportunities for co-op marketing with the Farmer's Market, Crystal Bridges and Northwest Arkansas Tourism Association exist. Establishment of an art gallery on the Square and having the Old Post Office open during Farmer's Market would add time to a visitor's stay which in turn would increase Fayetteville HMR taxes.

Niche marketing in 2012 for the arts targeted by the Sells Agency will increase our exposure for the Old Post Office.

The Visitors Bureau will continue having First Thursdays and expand the festival. Our track record increasing the artists from 17 to 53 artists last year and an increasingly large crowd indicates our

commitment to the Arts. Subaru, New Belgium Beer and AY Magazine were First Thursday sponsors in 2011.

Interns from the UA Journalism Departments (Ad/PR and Broadcast Journalism) will be asked to focus on the promotion of cultural arts in Fayetteville.

A Website landing page for Cultural Arts will be developed within the experiencefayetteville.com website. It will contain an ongoing calendar of arts events, highlight artists, and promote the creative arts community.

A group tour package “From Fun Art to Fine Arts” will focus on offerings from the arts including tour members painting their own are (Painting with a Twist), Grandma Moses of the Ozarks (Shiloh Museum), and a visit to Crystal Bridges.

The Town Center will continue the ARTini festival and the CVB staff will investigate sponsoring another arts related festival.

The Northwest Arkansas Tourism Association has undergone a branding study, developed a new website and hired a full time director. He will be working to cross market the region.

GENERAL PROFILE OF TARGETED CLIENTS

A Mandala Research study on cultural and heritage travelers reports that of the 225 million U. S. adult population, the size of the cultural travel market is 118.3 million adult leisure travelers (78% of the U. S. population).

The adult traveler interests are segmented as follows:

- 26% Aspirational
- 14% *Passionate*
- 14% *Self guided – accidental*
- 12% *well rounded active*
- 12% Keep it light
- 22% Non cultural and heritage travelers

The passionate, self-guided accidental, and well rounded active travelers represent the “core” of cultural and heritage travelers.

Cultural and heritage travelers spend more (\$994/trip), travel more frequently (5.1 trips/year), stay longer (5.86 nights/trip) than the average traveler and they seek out cultural and heritage experiences.

The economic impact of cultural and heritage travelers is \$192 billion for all who participate in cultural and heritage activities and \$162 billion for “core” cultural and heritage travelers.

Demographically, these cultural travelers are slightly older, more educated and have higher household incomes. Cultural travelers are interested in experiences where the destination has retained its historic character. They like to stimulate their minds and be intellectually challenged. Most want an educational experience when traveling for leisure.

The majority of cultural travelers agree that they prefer a hotel that is clean, well run and lower priced. They prefer trips with a variety of activities, like to bring back local/regional memorabilia and prefer destinations with historic character. Cultural travelers want experience, authenticity, uniqueness, and value.

Top cultural travelers activities are visiting:

- Historic sites
- History Museums
- Natural history museums
- Art museums
- Science museums
- Native American sites
- Historic re-enactments
- Living history museums
- Shopping for items made by local artisans/craftspeople/museum stores
- Self –guided walking tours
- Organized tours

Other popular activities cultural travelers engaged in are:

- 53% Took a scenic drive
- 48% Shopped (general)
- 45% Visited beach/waterfront
- 40% Attended social event/reunion
- 39% Explored small towns
- 39% Shopped outlet mall
- 38% Visited state or national park
- 37% Fine dining
- 30% Visited local farmer's market
- 32% Nightlife
- 27% Shopped museum stores
- 26% Participated in sports
- 26% Gambled
- 25% Explored urban neighborhoods
- 23% Shopped for gourmet food & wine
- 18% Native American sites
- 17% Cultural/heritage fair or festival

Mandala Research also points out a desire for diversity in cultural travelers. They prefer a trip where there is a mix of activities.

DESCRIPTION OF PRODUCTS AND SERVICES

PRODUCTS AND SERVICES

We propose rental of the space on the main floor for special events and meetings. Side rooms and entry lobby will be used for galleries. The downstairs will be reconfigured to accommodate artists' studios. The third floor can be rented as artists' studios, office space or apartment space.

COMPETITION

If we can't provide meeting space for groups that come to Fayetteville, we will lose business. Those groups will go to other cities and thus HMR taxes will be decreased. Additional space available to rent will increase revenue for the A & P Commission and is predicted to offset expenses.

There is no other space currently under consideration for the artists since departing the Underground space in East Square Plaza. Therefore, we would lose the equity that the artists have built up in the two years they have operated as the Underground.

The Underground studios and galleries set Fayetteville apart from other cities in Northwest Arkansas and in the state.

ORGANIZATION AND MANAGEMENT

OPERATING PROCEDURES

The Old Post Office main level will be open will be open during event rental space (8 am until midnight). The Town Center staff will be able to book the Old Post Office through the Town Center. The Town Center staff will be able to book the Old Post Office through the EMS system which we currently own thus not requiring additional capital outlay. See appendix A regarding currently known group meeting needs and potential rental needs for space.

Catering and alcohol will be arranged by the client and brought in. A new Arkansas Alcohol permit will need to be obtained.

Artists who are approved for renting studio space will have 24 hour access (though they will be discouraged from being in facility after midnight). They can have access through a keypad lock system. A security system will be installed to monitor entry and egress.

The Galleries schedule will be worked out with the artists who will be asked to help in the manning of the gallery space the first year. A gallery manager will be hired in the second year to manage the art and be used to contact those who express an interest in specific pieces in order to increase sales.

STRUCTURE

The Fayetteville Underground Board of Directors will transfer to the A & P and to a new board their 501 C 3 status. The Board will then evaluate the bylaws and rework if necessary. The Board will be a policy setting body.

For artists who desire studio space, a sublease will be signed indicating policies which they will follow in leasing the studio space. They will pay their lease to the A & P Commission.

Charge for rental of the facility will be determined based on the same formula as the Town Center space. At present, we anticipate rental to be \$1500 per use (8 a.m. until midnight). We can use the current system of using part time help to work events when the facility is rented. Cost of the part time staff will be covered by rental charges.

If a full time gallery (8 a.m. until 5 p.m. Monday through Saturday) is opened, cost will be shared by the artists.

Determination of the best possible use of the third floor will be made based on needs and potential revenue generation.

BUSINESS INSURANCE

We propose a policy for contents insurance and a \$2 million aggregate liability. Estimated cost of the policy is approximately \$12,000 per year.

FINANCIAL DATA

See attached budget.

SURVEY OF THE SITE

Blew and Associates surveyed the site in May, 1977, as follows: The subject site is essentially a "footprint" lot, meaning that the entire underlying land is taken up by the existing improvements. The site is recorded as the following:

A tract of land described as beginning at appoint 32.3 feet East and 25.35 feet South of the NW corner of a now existing building; thence the foundation of said building the following bearings and distances; South 21.45 feet, West 3.9 feet, South 7.85 feet, East 3.9 feet, South 21.6 feet, East 17.2 feet, South 7.0 feet, East 6.3 feet, South 25.65 feet, East 38.3 feet, North 4.2 feet, East 10.6 feet, North 18.0 feet, West 4.3 feet, North 10.5 feet, East 17.05 feet, North 6.55 feet, East 3.9 feet, North 7.20 feet, West 3.9 feet, North 24.4 feet, East 3.9 feet, North 7.15 feet, West 3.9 feet, North 3.8 feet, East 2.3 feet, North 2.3 feet, West 7.15 feet, South 3.9 feet, West 2.15 feet, North 1.05 feet, West 55.2 feet, South 1.1 feet, West 15.0 feet, to the point of beginning.

TAX DATA

Property taxes paid in Washington County in 2010 for the Old Post Office were \$5,875.82..

APPRAISAL

Parcel Number 765-01927-000

Addition: Fayetteville Original

Legal: Pt. Block 27

An appraisal was done in June, 2006 by the Real Estate Consultants (a copy of the appraisal is available in the office of the Fayetteville A & P Executive Director, 21 S. Block, Fayetteville, AR.) Based on inspection of the subject property and investigation and analysis carried out in the report, the Current Market Value as of May 31, 2006. Subject to assumptions and limiting conditions set forth within the report was:

Two Million, One Hundred and Thirty Thousand Dollars (\$2,130,000)

HISTORIC PRESERVATION EASEMENT

The property is encumbered with a Historic Preservation Easement dated June 18, 1978. This easement has a term of 40 years, therefore, has a remaining term of approximately 6 years. This agreement required the owner or successors of the subject property maintain and administer the property so as to preserve its historical character for the 40 year term. The agreement also gives the Arkansas Historic Preservation Program the First Rights of Refusal if the owner shall wish to sell the property. Furthermore, the owner must allow the public to view the property a minimum of 12 days per year. The Arkansas Department of Historic Preservation has declined to exercise the Right of Refusal on two occasions.

IMPROVEMENTS – The following improvements have been made to the building. Condition of each of these has not been determined.

Stereo system

1- 8 x 10 cooler

2 – 10 x 12 coolers

1 – 6 x 8 cooler

2 bars equipped for alcohol service

1 bar equipped for soda service

Interior sprinkler system, security system

Large Water Heater

Brass Chandeliers

Wrought Iron Railings

Ceiling fans

The improvements were customized for utilization as a restaurant and bar. The property was totally renovated in the 1970's and updated by a tenant in 1998. The property had a new roof in 2005 and new hardware floors. The property has a main level capacity of 244 as quoted from the Fire Marshall.

ZONING

Current zoning is MSC (Main Street Center). Uses as we are proposing them are legal uses under the current zoning.

DOWNTOWN

Surrounding property includes a mix of small retail, professional offices, emerging condominiums, and special-use properties like the City of Fayetteville offices. Downtown Fayetteville is experiencing a resurgence with new restaurants, new retail, new offices, and residential condominiums.

Restaurants/Bars – Jammin' Java (coffee and sandwiches)

Tiny's Tim's (pizza and sandwiches – microbrewery)

Loafin' Joes – (sandwiches and salads)

Fresco

Bliss Cupcakes

Hugo's

Little Bread Company

Oseguera's –Celi's

Taste of Thai

Petra Café

Dam Goode Pies

Vietro

Hjem

Maxine's

Tables and Ale

Tangerine

Club Lush

Retail – Corazon

East Square plaza

Visitor Center Store

Riff Raff

The Mustache

Town and Country

Block St. Businesses

Cheap Thrills

Dark Star Visuals

David Adams Jewelry

The Himalayan Mountain Shop

Hand Held

Houndstooth
 Found
 French Quarters
 Savoir-Faire
 Good Things boutique
 Stitch
 I.M.Spa
 Sound Warehouse
 Swift's
 World Treasures
 b Fit Studio

APPENDIX A

DISPLACED GROUPS

These groups/individual events will need to use space in the Old Post Office because they have been displaced in current locations.

March 2-3	Arkansas Living History conference
March 25	Bus tour
April 13	Arkansas Historical Association
April 14-15	Hogeye Marathon
April 19	Health Disparities conference
April 20	Electrical Engineers Academy
	Wedding Reception
April 24	4 buses of students from Berryville
April 28	Wedding Reception
May 5	Wedding Reception
May 26	Wedding Reception
June 7	Wedding Reception
June 17-22	Coaches Clinic
June 23	Wedding Reception
July 12	Wedding Reception
July 21	Wedding Reception
Aug 6	Wedding Reception
Sept 16-21	Municipal Clerks
Oct 6-7	Inbree – Chemistry conference
Oct ?	Electric Meter School

APPENDIX B

ARTISTS CONTACTED

The following artists have been engaged regarding use of the Old Post Office as artists' studios and galleries.

Leilani Law

William M. Flanagan

Doug Randall

Jan Gosnell

Adam Campbell

Sonia Davis Guterrez

Hank Kaminsky

Basil Davies

Andrew Dorman

Richard Berquist

Thomas Hubbard

Linda Sheets

Megan Chapman

Jennifer Fay

Don House

Sabine Schmidt

Duane Gardner

Cheri Bohn

Michael Davis Guterrez

Erika Wilhite

OTHERS INTERVIEWED

Connie Edmonston, director of parks and recreation

Cathy Bass, president, Board of Directors, Fayetteville Underground

Mike Johnson, UA Facilities Management vice president

BUDGET

Year 1

Income

A & P appropriation	\$ 60,000.00
Rental Income - \$1500 x once a week (Mar-Dec) - 40 times	\$ 60,000.00
Studio fees - 10 artists	\$ 24,000.00
Art Sales - commissionable at 40%	\$ 60,000.00
Total	\$ 204,000.00

Expenses

Salary-	\$ 6,400.00
Rent	\$ 60,000.00
Utilities	
Electric - AEP SWEPCO	\$ 15,000.00
Gas - Source Gas	\$ 1,500.00
Water - City of Fayetteville	\$ 4,500.00
Internet/phone	\$ 3,600.00
Cleaning	\$ 12,000.00
First Thursday - special events	\$ 5,000.00
artist commissions and fees- 60%	\$ 36,000.00
Insurance	\$ 12,000.00
Remodel building	\$ 30,000.00
Property Tax	\$ 5,875.82
Postage	\$ 1,000.00
Accounting	\$ 2,400.00
Maintenance	
Liquor License	\$ 1,500.00
	\$ 191,875.82

LEASE WITH OPTION TO PURCHASE AGREEMENT

THIS LEASE WITH OPTION TO PURCHASE AGREEMENT ("Agreement") is entered into between Ronald E. Bumpass, hereinafter called the "Lessor" or "Seller", and the Fayetteville Advertising and Promotion Commission, with its main office address Fayetteville Visitor Center, 21 S. Block, P. O. Box 4157, Fayetteville, AR 72702, hereinafter called "Lessee" or "Buyer".

WITNESSETH:

WHEREAS, the parties to this Agreement hereby acknowledge and agree that Lessor is the fee and simple absolute owner of the real property and any and all improvements situated upon the Premises, as herein defined;

WHEREAS, Lessee acknowledges and agrees that it lacks any ownership or equity interest in any nature in the Premises, as herein defined, but desires to enter into this Agreement for the limited purpose of leasing with the option to purchase the Premises subject to the terms and conditions set forth; and

WHEREAS, Lessor desires to lease the Premises, as herein defined, for the limited purposes herein set forth; and

WHEREAS, Lessor desires to provide the Lessee with an Option to Purchase the Premises according to the terms and conditions herein set forth;

NOW THEREFORE, in consideration of the mutual promises and covenants of the parties contained herein, and other good and valuable consideration, Lessor hereby leases and demises to Lessee with the purchase option as set forth herein, the real property and improvements (the "Premises") located at #1 Center Square, in the City of Fayetteville, Washington County, Arkansas, being more particularly described as follows:

Legal Description:

A tract of land described as beginning at appoint 32.3 feet East and 25.35 feet South of the NW corner of a now existing building; thence the foundation of said building the following bearings and distances; South 21.45 feet, West 3.9 feet, South 7.85 feet, East 3.9 feet, South 21.6 feet, East 17.2 feet, South 7.0 feet, East 6.3 feet, South 25.65 feet, East 38.3 feet, North 4.2 feet, East 10.6 feet, North 18.0 feet, West 4.3 feet, North 10.5 feet, East 17.05 feet, North 6.55 feet, East 3.9 feet, North 7.20 feet, West 3.9 feet, North 24.4 feet, East 3.9 feet, North 7.15 feet, West 3.9 feet, North 3.8 feet, East 2.3 feet, North 2.3 feet, West 7.15 feet, South 3.9 feet, West 2.15 feet, North 1.05 feet, West 55.2 feet, South 1.1 feet, West 15.0 feet, to the point of beginning.

TO HAVE AND TO HOLD the same until Lessee and unto its permitted successors and assigns, together with all privileges and appurtenances thereunto belonging, for the term and under the conditions hereinafter set forth:

1. TERM. The term of the Agreement shall be twelve (12) months beginning the 1st day of February, 2012, and ending the 31st day of January 2013 (the "Term").
2. RENT. As rental for the Premises, Lessee shall pay to the Lessor monthly rental in the amount of \$5,000.00 payable in advance on the first day of each month throughout the Term. Parties may mutually agree by a written Addendum to this Agreement to renew the lease for an additional period of time. The monthly rental amount to such renewal period shall be negotiable, but in no event shall the rental amount be less than the monthly rental charge set forth in this Agreement
3. UTILITIES AND REFUSE REMOVAL. Lessee shall be responsible for the payment of all charges for water, electricity, gas and any other utilities consumed on the Premises, and for all charges connected with the removal of refuse from the Premises. Lessee shall also be responsible for the payment of any charges incurred for services such as telephone and cable television.
4. ALTERATIONS/IMPROVEMENTS: Lessee may make any changes, alterations, additions or major repairs to the Premises, including any existing or future structures with the approval of the Lessor or his agent. Lessor may inspect any such project to ensure that the construction, repairs or renovation meets the requirements of applicable codes.
5. ORDINARY REPAIRS AND MAINTENANCE. Lessee agrees to maintain the Premises and any improvements thereto in good repair, ordinary wear and tear excepted. Lessee shall be responsible for ordinary repairs and maintenance to the Premises. All such repairs and maintenance shall meet all applicable code and any other requirements.

Lessor may inspect the property at any time upon adequate notice and without any interruption of Lessee's use of Premises, including the building and all leasehold improvements.

6. PROPERTY INSURANCE. Lessee shall be responsible for insurance coverage on Premises and on personal property and equipment.
7. LIABILITY INSURANCE. Lessee shall hold Lessor harmless from any and all liability for loss, injury, or damage to persons (including, but not limited to death) or property arising out of or in connection with the Premises, any improvements thereto, or any activities of the Lessee, its officials, employees, invitees, members or guests. Lessee shall maintain a comprehensive general liability insurance policy insuring against such a loss, injury or damage in the minimum amount of One Million Dollars (\$1,000,000) per person or occurrence. Two Million (\$2,000,000) aggregate. Proof of such liability insurance shall be given to the Lessor at the beginning of the Term and again upon request at any time during the term.

8. TAXES, LICENSES, FEES AND ASSESSMENTS. Lessor shall pay applicable ad valorem, if any and assessment on the real property and improvements comprising the Premises. However, Lessee shall pay any sales or use taxes arising from its use of the Premises, and shall indemnify and hold Lessor harmless against any claims for such taxes. Likewise, Lessee will secure and pay for all licenses, permits, and fees pertaining to its use of the Premises.
9. USES. The Premises and all improvements thereto can be used by Lessee for the purpose of operating a meeting venue, artists' studios and galleries, offices, museum and other purposes which further the mission of the Lessee.
10. RIGHT OF ENTRY. Lessor shall have the right to enter the Premises at any time upon notification to Lessee and without interrupting Lessee's use of Premises, for the purpose of inspecting the Premises and determining compliance with laws, statutes, ordinances, regulations and legal requirements, including policies of Lessor or to ensure the preservation of the Premises in good condition in the event of Lessee's failure to perform any obligation of this Agreement.
11. SUBLEASING. Lessee shall not be entitled to sublease the Premises or any portion thereof without the prior written consent of Lessor.
12. DELIVERY AT THE END OF THE LEASE. Upon expiration of the Term of this Agreement or any extension thereof, should Lessee not exercise an option to purchase the Premises as provided for in this Agreement, possession of the Premises, including any improvements thereto, shall be delivered to Lessor free of all persons, goods, and things not properly belonging to Lessor and in the same condition as the Premises existed at the commencement of this Agreement or upon subsequent completion of any new construction, reconstruction, renovation or repair to any improvements to the Premises, excepting destruction or damage by fire, storm or other casualty and/or ordinary deterioration and reasonable wear and tear, and no demand for such delivery shall be necessary.

All furniture, furnishings, and fixtures currently in the Premises shall be included in the lease/purchase of the Premises.

All fixtures not integral to the building, furniture and equipment installed by Lessee or acquired by Lessee independently of this Agreement shall remain Lessee's property and may be removed by Lessee at the expiration of this Agreement; provided, however, Lessee shall restore the Premises and repair any damage thereto caused by such removal.

13. DEFAULT. Lessee shall be in default under the provisions of this Agreement upon the happening of the following events or conditions and, in the case of the events and conditions set forth in subparagraphs (a) and (b) below, the failure to cure same within ten

(10) days after written notification by Lessor to Lessee of such default: (a) Failure to pay the rental fees or charges as provided herein at the time, in the amount, and in the manner set forth, or within ten (10) days after the date the same becomes due; (b) Failure to keep or perform any of the covenants on the part of Lessee herein to be kept or performed.

14. REMEDIES IN THE EVENT OF DEFAULT. In the event of default by Lessee during the Term hereof, the Lessor may, at Lessor's option, declare this Agreement thereupon terminated, and Lessor shall have the right immediately to enter up and take possession of the Premises, and to evict and expel Lessee and any or all of the Lessee's property, belongings, and effects there from, without thereby being guilty of any matter of trespass. In addition to any other remedies or Lessor either at law or in equity. Lessee waives any right to legal process in such an event. No delay in or failure to exercise any of the options herein granted to Lessor by reason of a default shall be a waiver thereof, and the waiver on any occasion of default shall not be deemed a waiver of Lessor's right to exercise its remedies by reason of the same or similar default at any later occasion.

15. NOTICES. All notices required to be given under this Agreement shall be given in writing in a form of delivery requiring a receipt to the parties at the following addresses or at such other addresses as the parties might hereafter designate in writing:

To Lessee Marilyn Heifner
 Fayetteville Advertising & Promotion Commission
 P. O. Box 4157
 Fayetteville, AR 72702-4157

To Lessor Ronald E. Bumpass
 1170 N. Crossover
 Fayetteville, AR 72701

16. PURCHASE OPTION. The parties agree that Lessee has an option to purchase the Premises at any time within the Term of the Agreement or during the first two months following the expiration of the Term. In exercising said purchase option, the following conditions and understandings are applicable:

- The Gross Sale Price for the real property and improvements comprising the Premises shall be \$1,000,000.
- Conveyance shall be made by Lessor (Seller) to Lessee (Buyer) by general warranty deed subject to recorded restrictions and easements, if any.
- Lessee understands and agrees that the \$5,000 monthly rental charged by Lessor is to cover Lessor's cost to maintain property insurance and to pay any applicable ad valorem taxes and assessments. None of the rental payments, repair expenses or other costs incurred by Lessee shall be applied or credited to the Gross Purchase Price.

- As a precondition of sale, Seller agrees to obtain from the Arkansas Department of Historic Preservation a release of preservation easement and Right of Third Refusal at or before closing.

17. SEVERABILITY. In the event that any provision of this Agreement or the application of this Agreement to any circumstances is held to be invalid, the application of such provision to other circumstances shall not be affected thereby, and the remainder of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties set their hands by their duly authorized respective officers.

RONALD E. BUMPASS, LESSOR

BY: _____
Ronald E. Bumpass

Date: _____

ATTEST: _____

FAYETTEVILLE ADVERTISING AND
PROMOTION COMMISSION, LESSEE

BY: _____
Marilyn Heifner,
Executive Director

Date: _____

ATTEST: _____